

## L&G calls on the UK to build its way out of an emerging affordable housing crisis

- New research published by L&G reveals a deepening of the housing crisis as rising prices and constrained supply drives down consumer sentiment around the availability of starter homes, social housing and rental properties. This comes amid recent government data showing that UK house prices have risen by an average of 13.2% over the previous 12 months<sup>1</sup>.
- The housing market is failing to meet local needs across large parts of the UK showing deteriorating scores for house prices as a proportion of average income
- London (50/100), the South-East (51/100) and the South-West (51/100) of England experience particularly low Housing index scores. The research shows that Cornwall (39/100), North Devon (41/100), East Devon (42/100) and Chichester (42/100) are facing particularly acute housing issues.
- This comes at a time when the Jobs & Economic Prosperity index is showing signs of recovery, as GDP and unemployment rates improve nationally.

**The latest Legal & General Rebuilding Britain Index (RBI) has underlined the scale of the housing challenges facing the UK, with the Housing index showing a second consecutive decline, leading Legal & General to call for a ‘public and private partnership approach’ to boost housing supply.**

At a national level, the RBI Housing index has fallen for the second consecutive quarter – down from 60/100 in Q1 2021 to 58/100 in Q3 2021. This decline is being driven by both a decline in the hard metric of house prices as a proportion of average income (55/100 – down two points from Q1 2021) as well as declining consumer sentiment. Specifically, the perceived availability of affordable starter homes (57/100), social housing (57/100) and rental properties (58/100) have all fallen by two-points over this same period.

While this is true of the UK picture, the research clearly demonstrates that there are pockets of the UK, typically found within London, the South-East and South-West of England that are facing particularly acute housing issues. Cornwall (39/100), North Devon (41/100), East Devon (42/100) and Chichester (42/100) are currently the hardest hit local authorities. Cornwall, specifically, is the lowest scoring local authority across the entire UK on sentiment towards local housing meeting local needs (41/100).

These findings come at a time when the RBI Jobs & Economic Prosperity index shows signs of recovery. That said, the regional economic disparities across the index continue to exist, with no narrowing of the gap between the outperforming regions or London (66/100) and South-East of England (67/100) and the under-performing North-East of England (52/100) and Wales (54/100).

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<sup>1</sup> [HM Land Registry](#), August 2021

The RBI was established to measure the UK's progress in levelling up on a quarterly basis, surveying 20,000 people and tracking social and economic progress across 52 measures, including Health and Social Care, Education, Housing, Jobs & Economic Prosperity, Environment, Energy, Transport and Digital.

**Nigel Wilson, CEO at Legal & General:** "Our research shows a mismatch between local housing supply and demand, but also shows that we cannot look at issues in isolation. By levelling-up UK jobs and economic opportunity we can go some way towards alleviating housing pressures. However, this is only likely to go so far. The UK needs a new partnership approach, involving local authorities, developers, investors and central government to boost overall supply and also ensure we are building enough of the right types of home, in the right places.

"Prime Minister Boris Johnson has set out ambitious plans to boost the UK's regional economies. While this is obviously positive, realising this ambition will involve coordinated action at national and local level, with local partners in the driving seat. If levelling-up is to work, it must also be bottom-up and not top-down."

## Further information

### ADD TULCHAN DETAILS

## Notes to editors

### Legal & General Capital

Legal & General Capital (LGC) is Legal & General Group's alternative asset platform, creating assets for Legal & General Retirement and third-party clients in order to achieve improved risk-adjusted returns for our shareholders.

LGC has built its market leading capabilities in a range of alternative assets, delivering depth of resource, track record and intellectual property. Investing in the real economy and creating alternative assets that deliver a tangible societal impact, its purpose is to invest society's capital for society's benefit. LGC's investments have been vertically integrated and include: residential property; specialist commercial real estate; clean energy; alternative credit; and venture capital.

As LGC's capability to create alternative assets continues to grow, it will not only continue to grow its balance sheet alternative assets but also create alternative assets for third party investors. Many of these investors have the same aims, namely to create assets to back pensions with an improved yield or to create assets with strong growth prospects but with low correlation to equities.

L&G has invested over £29bn in levelling-up regional economies, including through major regeneration schemes in Cardiff, Newcastle and Salford. Legal & General recently made a commitment to enable all new homes across its portfolio to operate at net zero carbon emissions by 2030, including Legal & General Modular Homes, CALA Group, Legal & General Affordable Homes, Build to Rent and Later Living.

### Legal & General Group

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.24 trillion in total assets under management, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.